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Approved For Release 2002/11/04 : CIA-RDP79-00065A000100110019-8

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OGC HAS REVIEWED.

2 December 1952

MEMORANDUM FOR: Special Assistant to the DD/A

SUBJECT: CIA Federal Credit Union; Form of Chattel Lien Non-Filing Bond and Draft #2 of Credit Union Directive #2

25X1
①
Annotate
+ #12

1. We attach hereto a draft of a letter to [redacted] regarding a possible question of coverage under the subject form of Chattel Lien Non-Filing Bond. We believe that this letter adequately expresses the difficulty. We have made no mention of the potential problem with respect to a proof of loss where non-filing was intentional for security reasons. In such a situation we would necessarily have to prevent [redacted] from exercising its normal right to be subrogated to our claim against the individual. Needless to say, [redacted] would probably not be very receptive to such a proposition without an increase in premium rates, and we would therefore recommend that it go unmentioned in view of the slight practical likelihood of its arising.

②

2. We return herewith Draft #2 of Credit Union Directive #2 with the comment that we can see no objection to its present form save for the desirability of inserting some written statement with respect to the procedure upon the final payment of the obligation. We understand that normally the original evidence of indebtedness and security title are returned to the payer. Where security requires, an alternative procedure for destroying evidence of the obligation in the individual's presence might be adopted.

③
Rein title

[redacted]
[redacted]

Assistant General Counsel

Enclosures:

1. Form of Chattel Lien Non-Filing Bond, No. DH-03-21058
2. Draft #2 of Credit Union Directive #2

OGC/JBK/GHK:apf:mb

Distribution:

1. Addressee
4. OGC

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FROM		INITIALS	DATE
1	Assistant General Counsel	YBK	12/3/52
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REMARKS: